

# Small Consumer Empowerment

David Griffiths

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This paper is a brief commentary on the study developed by the Consumer Law Centre Victoria and the Consumers' Federation of Australia for the Office of the Regulator-General, Victoria, on **Consumer Participation and Protection in the Victorian Electricity Market following Retail Contestability in the Below 160 MWh per annum Tranche (1999)**.

The paper is an exploratory contribution and does not aspire to be a comprehensive and defining analysis. It draws on our experience of working with co-operatives, communities and organizations in developing the co-operative option. Directors of the co-operative have voluntarily contributed their time and resources to this paper because of our commitment to small consumer empowerment and our belief that the basis of this empowerment is informed choice. Our paper is not as comprehensive and rigorous as we would like but time restraints prevent its further development and we have judged that is sufficiently developed to extend the information and issues canvassed in the CLCV & CFA (Australia) study.

This response by Co-operative Energy Ltd is based on six inter-related assumptions about the developing electric, energy, market:

- The overriding reality is a privatised electric industry which is being exposed to competition and contestability previously dominated by State-owned vertically integrated monopolies and that changing Governments and policies will not change this fundamental.
- There are significant barriers to small consumer participation in and benefiting from the transformation of the electric industry.
- Small consumers include residential consumers, low-income consumers, rural residents, farmers and small business.
- There are significant threats to achieving small consumer participation and benefits in the energy market such as market power abuse, transaction costs, compromised reliability and cost shifting.
- There are also real opportunities for small consumers to participate and benefit with reduced prices and improved services.
- The challenge, then, is to identify the reality of the emerging energy industry, the barriers and the threats and the opportunities for small consumer participation and benefit and develop appropriate policies and strategies.

The most striking opportunity for small consumers in the developing energy market is a renewal of the co-operative option – the formation of energy co-operatives by small consumers. This is why Co-operative Energy Ltd was formed in 1994. The formation of Co-operative Energy Ltd has historically drawn on the beginning of this century when electric utilities in Victoria were established by municipalities, private companies and co-operatives. In 1909 the Leongatha

## Co-operative Energy Ltd

Butter & Cheese Co Ltd established a utility. In 1913 the franchise for electricity supply in Boort was given to the Boort Co-operative Butter and Inc Co. In 1915 the Heyfield and District Co-operative Butter Factory and Electric Lighting Co Ltd established an electric utility. Co-operative Energy Ltd has also drawn on the history and experience of energy co-operatives in more than 50 countries throughout the world – including Bolivia, Canada, New Zealand and the USA.

The CLCV & CFA (Australia) study was meant to examine the types and causes of consumer risk and protection issues that are likely to arise in full retail competition, particularly for small customers. (P 6) It was also meant to examine effective approaches to addressing these potential customer problems in a contestable electricity retail market, for example ( p 6):

- The role of marketing and information disclosure obligations for retailers;
- Appropriate contractual arrangements for small retail customers;
- Strategies for informing domestic customers of retail choice.
- The need for, and nature of, minimum retail service standards for small customers and the manner in which they can be maintained; and
- The requirements for ensuring the effective and efficient transfer of small customers between retailers.

The purpose of the study, therefore, is integral to small consumer protection and participation in the contestable electricity market and ORG's decision to commission a study is an important recognition of the need to thoroughly address the issues. It should not be necessary to state that the purpose of the study should not be confused with the study itself.

Initially, however, it is disappointing that the study seems to equate small consumers with residential consumers and then tends to focus on protecting low-income residential consumers. While low income consumers are the most disadvantaged and challenged in the contestable market, an undue emphasis on this group could result in protections being designed for this group when the consumer protection needs of low income consumers are shared with other small consumers. Further, an exclusive emphasis on low-income consumers could legitimize inadequate protections for other small consumers – in particular, rural residential and farmer and small business consumers.

There are significant issues for all small consumers with the proposed introduction of full retail contestability from 1 January 2001:

- Residential consumers
- Farmers
- Rural residents
- Small business
- Community agencies

- Low income consumers

The CLCV & CFA (Australia) study has useful elements as a basis for furthering understanding and debate about small consumers and retail contestability – rather than providing a defining framework for ongoing debate and resolution.

These are only elements, however, because:

- The study fails to demonstrate an insightful conceptual understanding of actual industry development and the range of issues for all small consumers.
- This limited understanding has invariably generated a selective analysis of customer protection and participation issues for some small consumers
- The partiality of the analysis is exemplified by the referenced sources that are also partial and incomplete and, even though limited, with a UK bias.
- Even when the analysis and recommendations are useful they are bereft of substantiation.
- The study is not comprehensive.
- The study is not academically rigorous.

It is unfortunate that the study by CLCV & CFA (Australia) does not fully understand and accept:

- The realities of the transformed emerging industry
- Barriers to the participation of small consumers
- Threats to the participation of small consumers
- Opportunities for small consumers to participate and benefit

and, therefore, the need for a comprehensive and substantiated strategic approach to small consumer protection and participation. It is noted on p 6 that: "As part of the study, the authors have consulted with electricity retailers, electricity distributors and community organisations to obtain their views on the issues to be addressed." Without a listing of who was consulted it is not possible to assess the claimed comprehensiveness of this process. For this statement to have meaning the CLCV & CFA (Australia) study would have to provide at a minimum:

- Who was consulted.
- Why they were consulted.
- Where they were consulted.
- When were they consulted.
- How they were consulted.
- What were the issues of consultation.

Co-operative Energy Ltd was not consulted by CLCV & CFA (Australia).

But, then, in a draft version of the report the authors exposed their opposed to retail contestability for small consumers which is not as bluntly stated in the final report and this provides an important clue to understanding the nature and limitations of the study.

In the draft, it is argued that full contestability is a challenge: "This context makes it clear that the challenges attendant on full retail contestability are large."

But, then, what was a challenge in one sentence is misconceived in the next sentence of the same paragraph:

"Indeed we would argue that the matters outlined above suggest powerfully the introduction of contestability at the small end of the market is misconceived." This is "particularly when numbers of customers transferring are examined."

This claim about numbers of customers transferring is itself based on a misconceived analysis of the developing market, what trends have emerged and what they actually signify.

In further support of this position that contestability is misconceived, the CLCV & CFA (Australia) report queries the achievability of real cost savings: "Whilst there is some evidence to support the assertion that reform in the electricity industry has delivered price reductions to consumers, the question whether the introduction of contestability in the retail electricity market will deliver further meaningful reductions (if at all) is a real one, acknowledged by sources from Melbourne to Manchester. The Independent Inquiry into the Privatisation of the Electricity Industry noted that the Victorian Government is aware of these realities."

The report does not examine and source existing Australian and overseas evidence of savings achieved by those who have entered the contestable market – such as the work of Co-operative Energy Ltd in securing an average savings of 32% for members of the Co-opEnergy Purchasing Group. While these savings are not transferable to those small consumers who will become contestable from 1 January 2001, 32% is an example of a meaningful reduction that has been achieved. A meaningful analysis by the CLCV & CFA (Australia) would acknowledge the reality of savings achieved.

The issue for small consumers, however, is not only whether they will capture price reductions and improved services but how and under what conditions.

On pp 36 – 37 it is recommended: A thorough cost/benefit analysis of the introduction of retail contestability in the below 160MWh market should be undertaken in the light of switching rates in other jurisdictions, transaction costs and reform costs That analysis should specifically include an analysis of price

and service impacts for different classes of consumer. The analysis should specifically attempt to identify the practical costs to consumers, both monetary and non-monetary, including:

- Costs of required new metering technologies;
- Potential unscrupulous selling practices;
- Costs of appropriate education programs undertaken by government;
- The potential loss of supply standards; and
- Potential increase in disconnection, and abandonment of customers who genuinely cannot afford to pay.

It is argued further on p 37 that in the event that the analysis does not show clear benefit to consumers, contestability should be abandoned.

The analysis is deficient. While the issues identified are valid concerns, it is illogical to conclude that in the absence of evidence of clear benefit to consumers, then, contestability for small consumers should be abandoned. The issues are presented as the logical outcomes of privatization and contestability. The CLCV & CFA (Australia) is a victim of the imperfect market syndrome – the assumption that the market will invariably fail small consumers. This is the reverse of the perfect market syndrome – the assumption that the market will invariably benefit small consumers.

While abandonment of contestability for small consumers is an option, an alternative approach is to identify and resolve issues which impede small consumer participation and benefit through legislative and regulatory protection for small consumers and this is why the Office of the Regulator-General, Victoria, has established a Minimum Standards Working Group. It is also necessary to identify other issues that challenge small consumer participation and benefit – cost shifting and market risk.

The Study further recommends on pp 37: That the Government should not proceed with full retail contestability unless they guarantee to fund, by way of Universal Service Obligations, the minimum standards set out in this study that will protect low-income or otherwise disadvantaged consumers who will either not benefit from contestability, or will suffer a net cost (measured in both financial and non-financial terms) by the market becoming fully contestable.

The issue is not Government guaranteed funding but how to facilitate low income or otherwise disadvantaged consumer participation and benefit – including but not exclusively government funding.

This opposition of CLCV & CFA (Australia) to retail contestability should not be regarded as a quirky aside. It betrays a position that provides a basis for explaining the conceptual and information inadequacies of the report and the lack of substantiation. It undermines the validity and legitimacy of the analysis and its

purpose and provides an explanation of the under-developed and over-looked issues. The bias of the study is to oppose contestability for small consumers and begrudgingly propose measures in a contestable market if the bias not were

Full retail contestability for consumers is problematic but a basis for its abandonment. IPART, for example, has expressed "serious concerns about the ongoing protection of franchise retail customers beyond the end of 2000" and has recommended that the NSW Government "develop appropriate policy measures to deal with contestability and customer protection. This will necessitate the Tribunal having appropriate powers to regulate prices and other terms and conditions for customers who are not able to participate in a genuinely competitive market for electricity services."

The challenge is to identify the conditions for small consumer participation and benefit in a competitive market. In June 1999 OFFER, for example, concluded: "There is no clear evidence to date that all domestic customers are benefiting from competition to the degree that no new price controls are required." Instead, of concluding that this demonstrates the need to exclude domestic consumers from the contestable market, OFFER is concerned to facilitate competition and has suggested three options:

- The introduction of revised price constraints.
- Use competitive pressures where they are strongest to bring price benefits to all customers in a non-discriminatory way.
- Remove price restraints entirely and rely on standard non-discriminatory conditions and general competition law.

While Co-operative Energy Ltd believes that retail competition and choice should not be restricted to large consumers, we do not under-estimate the barriers and threats to small consumer protection and participation. Instead of attempting to protect the small consumer from the market by excluding their participation, the challenge is to develop policies and programs to overcome market power problems and bring the benefits of the competitive market to the small consumer. This is a view shared by the California consumer group UCAN that is selectively quoted in the study, the Consumers Federation of America and the USA National Rural Electric Cooperative Association. The issue is to ensure that residents and other small consumers are able to secure competitive prices and services. As UCAN has argued there is a need to "rethink how to approach consumer protection by using an analysis that considers what consumers need to participate in a competitive market and how the Commission can use its resources to facilitate those needs."

As Barbara Alexander has argued, there is a need to rethink consumer protection issues in the context of full retail contestability – and not simply regurgitate the

consumer protection measures of a monopoly market. The contestable market is creating new relationships. Alexander has suggested new tools include:

- Setting licensing criteria as a screening function to reinforce standards or norms defined in regulations;
- Educating customers to participate in the competitive market based on informed choice;
- Responding quickly to unfair and deceptive marketing and advertising practices;
- Policing standards of conduct between holding companies and affiliates to assure the development of a competitive market structure;
- And umpiring disputes between competition and between customers and their suppliers.

The logic of the CLCV & CFA (Australia) argument that small consumers should not participate in the competitive market is to ensure that large users capture and retain the benefits of competition. This view betrays a discredited view of consumer protection – that consumers can only be effectively protected through legislation and regulation. While not dismissing the importance of consumer protection legislation and regulation, Co-operative Energy Ltd is committed to consumer empowerment in the market by consumers through co-operatives.

It is interesting to speculate whether the inadequacies of the CLCV & CFA (Australia) study, intentionally or unintentionally, serves its opposition to contestability for small consumers. There is an ironic congruence, however, between a report by consumer advocates that admits it is opposed to contestability for small consumers and, then, either under-develops or over-looks consumer protection issues and the proposals by Victoria" distribution businesses to require small consumers to purchase smart meters before they can participate in the contestable market.

The report does not seriously address the terms of reference and its own arguments, and, therefore, it impedes informed policy debate on the options and issues for small consumers. Instead, it has created a diversionary framework of issues. While the terms of reference provided the basis for a considered development of the relevant issues, their brevity also enabled the process of under-developed and over-looked issues. On p 41, for instance, it is argued: "We recommend that Victorian ring-fencing arrangements be re-examined with reference to the UK research and New Zealand experience and that consideration be given to a complete separation of retail and distribution functions." An important recommendation that is meaningless without substantiation – as five preceding paragraphs could not be justified as a substantiation.

Another theme of the study is the need for others to protect consumers – rather than consumer self-empowerment. Consumers form co-operatives to protect



themselves and advance their own interests. This has been expressed in the following resolution electric co-operatives in the USA have adopted on an electric energy consumer bill of rights at the 57<sup>th</sup> Annual Meeting of the National Rural Electric Cooperative Association in March 1999:

1. The right to have access to reliable, affordable and safe electric power. The availability of reliable, affordable and safe electric power is a necessity for life issue, as well as an important factor that drives the country's economic engine. Consumers have a right to expect reliable, affordable, and safe electric power. Consumers have a right to expect uniform standards of electric power across the country as they travel or move. Each sector of the electric utility industry is different: each is structured differently, financed differently and, aside from the provision of electric service, organised for different purposes. All electric utilities receive federal assistance and the form of federal assistance is different for each sector. In an era of competition, consumers should expect to have many choices. However, all energy providers should have the obligation to provide reliable, affordable and safe electric power. The obligation of lawmakers is to recognise the differences among electric utilities and to treat them differently in legislation.
2. The right to join together to establish and operate a consumer-owned not-for-profit electric utility. Current consumer protection depends on government regulation, local service territories, and voluntary cooperation among thousands of utility systems are allowed to become huge combines remote from local consumers, and where energy providers are free to choose the customer class that provides them the most profit, consumers must have a way to protect themselves. All electric consumers must have a way to protect themselves. All electric consumers must have the right to join together to establish and operate a consumer-owned electric system to provide themselves with electricity according to their own needs.
3. The right of consumer-owned not-for-profit systems to be treated fairly and recognised as a unique form of business. Electric cooperatives (co-ops) are independently owned business enterprises incorporated under the laws of the state in which they operate. Electric cooperatives are owned and controlled by the consumers they serve. The co-op difference resides in consumer ownership and control. Thus, for co-ops to be treated fairly by government regulation, they must be recognised as a unique form of business, different from investor-owned or community-owned systems. As recognised by the federal courts, since the consumer owns the cooperative, there is no motive for the cooperative to mislead, cheat, overcharge or act in any way that is not in the consumer-owners' interests.
4. The right to elect representatives to manage their consumer-owned forms of business to best meet their needs. Electric cooperative consumers (members) participate in the operation of the co-op by electing a board of directors from among its co-op consumers to establish the co-op's basic policies, goals and strategies, as well as to determine the rates and types of

service(s) they wish to receive. In a competitive environment, consumer-owned and controlled cooperatives will be a more discipline in the marketplace and a more important force for innovation as long as local ownership, local control and local autonomy are not abridged through unnecessary government regulation.

5. The individual right to privacy that assures information about consumers will not be released without their prior express consent. Historically, consumer-owned cooperatives have advocated levels of information disclosure beyond industry standards but necessary for judging the performance of utility systems. Recently, however, discussions on energy policy have included the idea that utility systems should be required to collect and divulge extraordinary consumer specific information. Consumers should have the right to determine how information collected about them is used. Consumer-owned cooperatives should not be required to collect or to divulge consumer specific information.
6. The right to determine the scope of energy services to be furnished through their consumer-owned not-for-profit utilities. In a competitive environment, consumer-owned cooperatives, with their local ownership, local control and local autonomy provide a fast, efficient and flexible way for consumers to address their needs.
7. The right to use consumer-owned not-for-profit utilities to provide additional services that meet the needs of their consumers and communities. All electric consumers must have the right to join together to establish and operate a consumer-owned electric system, if they so choose. In addition, consumers must retain the right to use their cooperatives as a means to meet their needs and expectations over time.
8. The right to work in cooperation with other consumer-owned entities with common goals. Consumer-owned cooperatives should be able to work together to provide a countervailing balance of power in the marketplace to the huge investor-owned combines that are likely to result from deregulation. Consumer-owned cooperatives should be able to work together to provide an open window into the operation of a competitive electric market for all consumers. Consumer-owned, not-for-profit cooperatives should be able to work together to provide a 'yardstick' by which all consumers can measure the performance of the market and market participants.

This consumer bill of rights is centered on consumer self-empowerment – not consumers being protected by the enlightened self-interest of others. Enlightened self-interest is relevant but not as an alternative to self-empowerment. Pam Silberstein, in discussing competitive rules of conduct for affiliates of utilities, has discussed what this means for co-operatives: "...there is the overall question of whether such overreaching regulation really serve the best interests of consumers, no matter which type of utility service they provide. Be that as it may, there are even greater concerns if such rules are applied to co-ops, and, there

are solid public policy and competition-related reasons for having different rules for co-ops."

What follows is a detailed but selective analysis of the CLCV & CFA report regarding the following issues:

- Consumer Aggregation
- Contestability Participation
- Disadvantaged Consumers
- Consumer education
- Market Risk
- Code of Conduct
- Information Sources

What is common to the CLCV & CFA (Australia) comments on each of these issues is a consistent neglect of the consumer protection and participation issues and an inability and/or unwillingness to develop a systematic and coherent analysis.

### **Consumer Aggregation**

Toward the end of the report, it is conceded on p 81 that "allowing and actively facilitating, the aggregation of residential consumers is critical to the success of retail contestability."

Aggregation is critical but the CLCV & CFA (Australia) real interest in aggregation is dubious given the limited analysis, the incomplete recommendations and the failure to consult Co-operative Energy Ltd as a small consumer aggregator. Aggregation is critical to the transaction and switching costs identified by the CLCV & CFA (Australia) study on pp 30-31 and 72-78. Yet, compared with 221 lines on these issues aggregation is discussed in only 20 lines and the necessary link between these issues and aggregation is not established.

Individual small consumers have limited bargaining power in the market because of their comparative low volume requirements for goods and services compared with large consumers.

Small consumers, however, could aggregate their numbers and volumes to achieve bargaining power. And this is why small consumers have formed co-operatives since the 19thC.

Aggregation is a critical condition for consumer protection. Aggregation is the combination of multiple users of energy into a purchasing group to achieve bargaining power for the group.

IPART has argued that the issue of bargaining power is crucial for small consumers and has noted how high-volume consumers are in a far better negotiating position because of:

- High-volume consumers are able to devote considerable resources to researching their legal rights and obligations in the contestable market, exploring alternative energy options, and assessing the conduct of the negotiation process.
- For high-voltage customers it is more likely that the energy savings gained by entering the contestable market will outweigh the costs of entering the contestable market, such as administrative and metering costs. For low-volume customers this will depend on the market structure that is implemented.
- The strong bargaining position that some high-volume customers enjoy, particularly where a customer forms a large proportion of a retailer's revenue base and where that customer has other energy options.

The importance of aggregation to small consumers is well accepted in the USA where it is recognised that aggregation is the prerequisite to small consumers securing market leverage. The importance of aggregation is recognized by consumer advocates in the USA.

UCAN, for instance, has argued that the California Public Utilities Commission (CPUC) should recognise the inexorable link between consumer protection and consumer aggregation and that it should work to aggregate small consumers: "The consensus among industry and consumer is that small consumers will need to be aggregated in order to gain adequate market leverage. Absent aggregation, these customers would fare poorly. This conclusion is not surprising; as seen in insurance, banking and other complex services, aggregation of small customers minimizes transaction costs and increases market leverage." UCAN has suggested that the CPUC "can assist municipalities and other public agencies who seek to create cooperatives offering electric or phone services."

In 1995 the Tellus study was commissioned by UCAN and seven USA consumer organisations that were concerned about the restructuring of the electric industry and its impact on small and low-income consumers:

- CalNeva
- Consumer Action
- Consumer Federation of California
- Consumers First
- The Greenlining Institute
- Latino Issues Forum
- TURN
- Utility Consumers' Action Network

The Tellus study concluded that: aggregation of small consumers was necessary "Because most individual residential customers will not benefit unless they have real-time metering capability, other cost –effective ways must be found to ensure that all customers have the opportunity to benefit from electric industry restructuring. The most likely means identified are:

- (a) The automatic aggregation of small consumers by entities whose sole objective is to maximize the benefits to those customers.
- (b) The aggregation of individual customers who wish to make choices in the marketplace by private marketers; brokers and aggregators."

The Tellus study supports automatic aggregation and the arguments for this apply to all forms of aggregation:

- 1) Competitive forces will be inadequate to protect most small consumers from cost shifting or to ensure that consumers get a fair share of benefits in an unregulated market.
- 2) Economies of scale could be used to benefit consumers. Decisions regarding distribution of those benefits should be made locally controlled government entities.
- 3) There are some environmental and energy efficiency collective benefits that may be lost if individual decisions are the only method of pursuing these benefits.
- 4) Transaction costs can be reduced by automatic aggregation.

The California Energy Commission has evaluated the various aggregation options for rural local governments and their residents. The evaluation concluded that: "Combining many customers' loads into a buying pool provides the opportunity for a lower price of electricity. Aggregation can possibly achieve lower prices by using (1) market power and (2) diversity power. Market power is the power to negotiate for lower electricity prices by buying in bulk, compatible to buying in a club or discount membership store. Diversity power is the combining of customers with different electric use patterns into a more attractive pattern that does not change over the day." The Energy Commission also considered options for aggregating consumers:

- Municipalization – working through local governments
- Muni-lite
- Aggregation of Government loads in a single county
- Community Aggregation of all customers
- Multi-Agency/County Aggregation
- Community Energy Authority

Local government in the USA has four basic choices:

- Opt-out aggregation
- Opt-in aggregation
- Franchising

## Municipalisation

The Montana Legislature has passed a law for the formation of co-operatives to purchase power for small consumers. On the basis that this would enhance "the chances of securing for small customers the greatest amount of electricity at the least cost from the federal power system."

The Cape Light Compact was formed in 1997 to protect the interests of consumers. The Compact is a co-operative effort of Barnstable & Dukes counties and 20 towns on the Cape and Vineyard.

Consumer advocate Barbara Alexander has also recognised in her Retail Electric Competition: A Blueprint For Consumer Protection that aggregation is an option for consumers. She suggests that both customers and power suppliers may benefit from aggregation:

- Low-use residential and small business customers may not benefit from direct access because their usage characteristics coupled with a lack of advanced metering systems, may make them expensive to serve. Marketing costs to reach and consummate deals with these customers may exceed profit potential on electricity sales alone, unless the volume of sales is high. On the other hand, if a power supplier can negotiate one sale with an entity that represents a large group of customers with a similar energy profile, without incurring upfront marketing costs, lower prices may result.
- If Default Service is based on the market price or is priced below market rates by regulators, individual residential customers may not find energy any cheaper in the market place. However, an aggregator may be able to offer other valuable services and products, such as energy management or even telephone service, in a package deal that is desirable to customers.
- Aggregation may improve the market power of residential and small business customers. The aggregator that can deliver a significant energy load can bargain for a lower price and enhanced energy management services on behalf of group members.
- Aggregation may also be an important tool to achieve a state's Universal Service goals. In general, low-income consumers use less energy than other residential customers. Furthermore, while most low-income customers do pay their bill, a high percentage of low-income customers cannot pay their electricity or gas bill in a timely manner because of its significant impact on household income (over 20% for some customers with higher-use and very low household income). Therefore, it is likely that low-income customers may need more customer service support, or carries a high risk of bad debt expense. Whether low-income customers should be the focus of aggregation efforts or whether they are better off in general as part of the residential class is a hotly debated topic among customer advocates. However, there is little

debate about the notion that if suppliers do not market to residential customers in general, low-income customers will most likely be ignored.

Another USA consumer advocate Roger D. Colton has also recognised the link between consumer protection and aggregation. Colton argues, "purchasing co-operatives are one essential component of controlling costs and promoting universal service in a competitive industry."

Colton provides 11 points drawn from his analysis of purchasing co-operatives in health care:

- Aggregating consumers through purchasing cooperatives is a viable mechanism to address the lack of market attractiveness for certain classes of customers. While in the health care field it may be small users (such as small business and even local governments), in the electric industry it will likely be residential consumers who face exclusion.
- Pooled cooperative purchasing is not a market-driven phenomenon. The formation of purchasing co-operatives requires specific public policy support; specific publicly funded technical expertise, and specific publicly funded administrative support structures. The successful health care purchasing co-operatives in places such as California, Wisconsin, Florida, and Minnesota were all public initiatives.
- The exclusive purpose of consumer aggregation is not simply to "become big" so as to wield market power. The purposes of a purchasing cooperative might include, either additionally or alternatively: (a) the socialization of the costs of expertise; and/or (b) the spreading of risks and/or administrative costs. A co-operative might serve a good broker function, a countervailing power function, or a risk/cost mitigator function.
- Determining the purpose of a consumer aggregation initiative is important in that such decisions will drive: (a) what tasks the purchasing co-operative will perform; (b) what powers the purchasing co-operative will be vested with; (c) what expertise the purchasing co-operative will need to acquire; and (d) what resources the purchasing co-operative will need. In all cases, however, "being big" is not, by itself, enough to protect consumer interests. Just because an aggregator is big (e.g. a municipality or a pool of public employees), does not mean that the aggregator will have experience and/or expertise in evaluating cost proposals from competitive service providers, in determining the service needs of the aggregated consumers and matching those needs to service offerings, or in assessing service quality data (either before or after-the-fact).
- Whatever its stated function, aggregation requires an array of specialized expertise. In the health care field, specialists skilled in assessing the price of service offerings have been necessary. Difference specialists in evaluating service offerings are employed. After all, it is not the lowest price which is sought, but rather the best buy. Administrative staff, as well as marketing staff, are necessary. The legal, technical and administrative staff necessary

- for effective aggregation is not provided by volunteers for ad hoc consumer groups. There is a need for an institutional structure.
- Aggregation does not occur at the micro level. Effective aggregation is not built on dozens, or hundreds, or even thousands of persons. Effective aggregation has required tens and hundreds of thousands of customers.
  - Aggregation without negotiation is not an effective means of generating consumer benefits. The lack of negotiation might, for example, occur through the solicitation of sealed bids. Negotiation requires the evaluation of price and service offerings, the preparation of counter-offers, and the solicitation of "best and final offers." The negotiation occurring through aggregation requires not only the solicitation of price quotes, but the ability to review the proffered justification for those price quotes.
  - Negotiated aggregation is an effective mechanism through which to control prices. The procurement of services through negotiated aggregation has resulted in health care costs of from 15 to 30 percent or more below market rates. In addition to forcing down aggregated prices, negotiated aggregation forces down overall prices as well, albeit to a lesser extent, whether or not offered to an aggregated group of consumers. Aggregation without negotiation, however, has failed to control costs or gain below-market offerings.
  - Despite price reductions obtained through negotiated aggregation, service offerings remain unaffordable to a substantial proportion of the population. Even effective aggregation is not "the" answer to unaffordability and the lack of universal service. In California's small business health insurance market, only 20 percent of HIPC customers had been previously uninsured. Nationwide, 75 percent of business with fewer than ten employees do not offer health insurance, while less than two percent of businesses with more than 100 employees fail to do so. Even after aggregation, service will remain unaffordable to substantial numbers of customers. This unaffordability requires separate policy responses.
  - Aggregation that focuses exclusively, or even too narrowly, on price may, in fact, harm consumers. Focusing on price to the exclusion of service considerations may limit the range of service offerings, as well as reduce the quality of service to inappropriate levels in both the short and long-term. While health care cutbacks may involve reductions in preventative services as well as high cost/low compensation services such as care for TB, AIDS or alcohol abuse, electric utility service cutbacks may involve reductions in energy efficiency programs, neighborhood offices, or the offer of various payment plan options.
  - Aggregation, standing alone, does not address the problem of adverse selection (i.e. that process of choosing to serve only the least cost, least risky, consumers). Excluding high cost or high risk customers may occur in the design of an aggregation pool (e.g. if done geographically, excluding low-income communities), in the pricing of services, and in the design and implementation of marketing plans. Public policies restricting adverse



selection are necessary but not sufficient. In addition, purchasing cooperatives must engage in ongoing effective oversight by administrators of the aggregation initiative.

The actual and potential role of aggregation is not sufficiently recognised by the CLCV and CFA study despite its link with the consumer advocacy group UCAN and its aggregation agenda over a number of years. That CLCV & CFA (Australia) does not understand or support aggregation is exemplified by this comment on consumer education on p 42: "There is unquestionably substantial information asymmetry in the electricity market. The need to inform as many consumers as possible of the advent of full retail contestability in the most concise, intelligible way is critical to consumers being able to exercise choice. Moreover, informed choice between retailers will require significant effort on the part of all retailers to ensure that consumers are provided with accurate, appropriate, timely and understandable information, upon which to base transferring decisions. The marketing of price and non-price benefits must also be carried out in an accurate, appropriate, understandable and timely way."

The emphasis, then, is on the limited bargaining power of individual consumers and the role of consumer advocates – and not on the bargaining power that is created by aggregating the numbers and volume of individual small consumers. This CLCV & CFA (Australia) assessment is puzzling for consumer advocacy organizations that are only too aware that in the market bargaining power depends on volume and numbers.

Given this failure to recognize the significance of aggregation, it is inevitable, therefore, that CLCV & CFA (Australia) does not recognise co-operation as a long-established and natural form of aggregation. Yet, the Consumer Federation of America does support co-operatives as a natural form of consumer protection. The Federation has published a brochure on the co-operative difference that argues, inter alia, cooperatives are successful because they provide valuable services and save consumers money and that the central principle of consumer cooperation is member control and participation.

CLCV & CFA (Australia) in developing its study on consumer protection ignored the existence of energy co-operatives in Victoria, Co-operative Energy Ltd and Southern Energy Co-operative Ltd, and the co-operative peak body, the Co-operative Federation of Victoria Ltd and the various energy co-operative initiatives in New South Wales. Yet, in contrast, the Consumer Federation of America does work with the USA National Cooperative Business Association – recognising the connection between consumer protection and co-operation.

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Electric co-operatives were originally formed by citizens in the USA when the investor-owned power companies would not provide power to rural communities. Today, there are 934 electric co-operatives throughout the USA:

- Owning and maintaining more than half the electric distribution lines in the US
- Serve 30 million consumers.
- Serve in two-thirds of the 3,136 U.S. counties
- Serve 10.8% of the nation's population
- Account for 7.4% of kilowatt-hours sold
- Account for 5% of the electricity generated by the electric utility industry
- Serve an average of 5.8 consumers per mile

Many electric co-operatives are involved in community development projects e.g. improvement of water and sewer systems, assisting in the delivery of health care, facilitating educational services and business development. In 1986 the National Rural Telecommunications Co-operative was established to foster the development and growth of satellite technology in rural America. In 1987 the National Rural Health Network was established to promote healthy lifestyles and reduce risk for disease in rural communities.

In recent years, there has been a new development with the formation of new energy co-operatives in the USA. The California Electric Users Co-operative was incorporated in November 1997. CEUC is a co-operative whose members are agricultural co-operatives. The co-operative operates as a broker and has 500 members representing 3000 accounts. Membership is restricted to milk producers, growers and processors. As a volume purchaser CEUC receives a 3% discount – 2.5% for members and .5% for administrative costs.

In October 1997 the 1<sup>st</sup> Rochdale Cooperative Group Ltd was incorporated in New York City, New York. The Mission of the co-operative is to:

- Lower members' total energy bills through comprehensive energy management
- Develop energy conservation and generation strategies and renewable energy sources
- Deliver state-of-the-art telecommunications services

Established by a group of housing co-operatives, the co-operative currently serves New York City and Westchester County with service to be expanded to Long Island and Metro New Jersey.

1st Rochdale is the only urban member of the National Rural Electric Cooperative Association. 1st Rochdale has also joined forces with electric co-operatives and other consumer-owned organisations in New England and upstate New York to create Cooperative Pioneers – an association that will be able to achieve strong economies of scale for the aggregation of energy services.

Every State in the USA allows for aggregation. In New Jersey there has been an instructive debate on the importance of aggregation. The Director of the New Jersey Division of the Ratepayer Advocate, Blossom A. Peretz, has been advocating that municipalities should be allowed to aggregate their residential and commercial loads. This has been opposed by the utilities in New Jersey.

The USA Regulatory Assistance Project has also observed that aggregators reduce transaction costs for small consumers and are able to put together innovative and/or highly customised packages in ways that current suppliers cannot.

A Working Group on Vermont's Electricity Future has supported aggregation in recommending:

- Rules and mechanism should be put in place to facilitate aggregation of customers, especially for smaller residential and commercial customers.
- Where customers wish to voluntarily aggregate, including through municipal entities, the barriers to such aggregation must be identified and remedied as part of the initial restructured market design.
- Consumer cooperatives able to aggregate are already under study in parts of Vermont.

Why CLCV & CFA substantively ignore the reality and potential of aggregation is a matter of speculation in the absence of a significant assessment in the study. However, it is feasible to conclude that CLCV & CFA (Australia) have a preference for legislative and regulative options instead of consumer self-empowerment through aggregation. While supporting consumer aggregation as necessary, Co-operative Energy Ltd also recognises the significance of appropriate and vigorous legislation and regulations.

The CLCV and CFA (Australia) study recommends on p 82: The ORG commission a study of the means by which small consumers can utilise to aggregate, requirements to achieve market power and whether there is an increased likelihood of benefiting from real contestability resulting from aggregation.

It is a curious recommendation. It reflects ignorance of existing experience and knowledge of aggregation that is available from Co-operative Energy Ltd. It ignores the comments of consumer advocates in the USA, including UCAN, who are advocating the benefits of aggregation. It ignores the consumer study on aggregation commissioned by UCAN and others. It ignores the NSW Government funded study on co-operative aggregation. It ignores co-operative aggregation initiatives in New South Wales and Victoria. But, then, CLCV & CFA (Australia) also ignores the co-operative experience of aggregation since the 19<sup>th</sup> Century. The suggestion that a study should examine whether "there is an increased likelihood of benefiting from real contestability resulting from

aggregation" defies the logic of co-operative history and the realities of the market. It could equally be argued there is a need to study the increased likelihood of benefiting from consumer protection legislation. This is all beside the point. If consumers choose to organise their own energy co-operatives, then, this should be facilitated.

### **Contestability Participation**

On pp 28-31 the study argues that there have been low contestability participation rates by small consumers in contestable electricity market overseas and, by implication, justifies the CLCV & CFA (Australia) view that small consumers should be excluded from participating in the contestable market. On p 28 it is stated: "A survey of overseas literature suggests that there may be significant inertia in customer transfer despite the availability of choice for customers. Such an outcome clearly militates against effective competition in the household market." On p 28 reference is made to a 1% switch rate in California and on p 29 reference is made to a 5% switch rate in the U.K.

The actual evidence about contestability participation rates is more complex and different than CLCV & CFA suggest. In Pennsylvania, USA, as of 1 March 1999 378,000 electric consumers were being served by alternative electricity suppliers after two months – 296,231 residential consumers, 69,234 commercial consumers and 3,764 industrial consumers. For the PECO electric utility, about 12.3% of its residential consumers had switched and for Duquesne Light Company 12.6% of its residential consumers had switched.

By 1 July 1999 the total number of consumers served by an alternative supplier in Pennsylvania had increased to 447,590 – 356,865 residential, 86,473 commercial and 4,252 industrial. Participation rates for residential consumers varied between the utilities – between 1.9% and 15.96%.

As for the UK, in June 1999 OFFER reported that the number of customers switching suppliers had increased steadily since the electricity market opened in September 1998 and that the rollout phasing had also influenced this. OFFER reports that over 100,000 customers a week are presently changing their electricity supplier. By the end of May 1999 1.3 million customers had switched – representing 4.7% of the total number of customers below 100 kW.

Based on registration data, however, OFFER also reported in June 1999 that it was expected that by the end of that month the number switching would have increased from 4.7% to nearly 8% with regional differences of between 4% and 10% - a total of 1.7 million consumers who would have switched suppliers.

Furthermore, OFFER has also noted that 25% of consumers have switched their gas supplier.

The USA experience of gas pilot programs is that participation rates vary. In Iowa 82% of eligible residential consumers participated in 1995-96. Ohio, USA, slightly more than one in four eligible consumers have chosen an alternative natural gas supplier – with a 35% increase between 1 January and 1 July 1999. In Georgia, USA, all gas customers are required to choose a supplier or have one randomly chosen for them. At 30 April 1999 50% of Atlanta Gas Light Company's 1.4 million consumers had chosen and by July 1999 this had increased to 900,000. Michigan's Natural Gas Customer Choice Pilot program is relatively new. Between December 1998 and May 1999 the number of participating customers increased from 101,234 to 221,935.

It is puzzling, therefore, why the CLCV & CFA study does not refer to the following evidence about contestability in electricity and gas:

- Increasing participation rates.
- Predicted growth rates based on participation rates.
- The impact of phasing-in on participation rates.
- The impact of newness on participation rates.

A more sophisticated analysis of participation rates would include consideration of the factors influencing participation including the following:

- The wait-and-see approach
- Availability of alternate providers.
- Transaction/switching costs.
- Consumer education programs.
- Billing options.
- Program design and implementation.
- Price and service options.

In a June 1999 research study for OFFER, for instance, MORI identified the following influences on switching decisions by consumers.

Reasons for Switching	Reasons for Not Switching
Cheaper prices	Inertia
Dual fuel	Lack of real incentive to change
Persuasive salesman	Savings not enough
Expectation of better service	Suspicion that lower prices will not be maintained
Special offers	Lack of information on new suppliers
Recommendation from others	Waiting to see what happens
Previous history of switching	Did not know they could switch

The MORI survey also identified the following factors that could influence non-switchers to switch:

- Cheaper price
- Reassurance about quality of service
- Reliability and trustworthiness of new suppliers.
- Choice

The CLCV & CFA (Australia) study also fails to recognise that the benefits of the ability to switch suppliers cannot simply be measured by the number and proportion that switch. The opportunity to switch has competitive consequences.

### **Consumer Education**

The CLCV & CFA (Australia) study is correct in arguing on p 42 - 43: "One of the primary barriers to consumer participating effectively in a contestable electricity market is the information asymmetry existing between consumers and the suppliers of electricity. The need for education exists on two levels. Firstly, informing consumers about the availability of choice of retail contestability itself and, secondly, how to make informed choices between retailers in the contestable market."

It is further argued on p 42: "Moreover, informed choice between retailers will require significant effort on the part of all retailers to ensure that consumers are provided with accurate, appropriate, timely and understandable information upon which to base transferring decisions. The marketing of price and non-price benefits must also be carried out in an accurate, appropriate, understandable and timely way."

In the draft report CLCV & CFA (Australia) had suggest that marketing and education are the same thing and that insofar as there is a separation of marketing and education, the educative component is the responsibility of ORG.

While the limited comments on education are useful, the CLCV & CFA (Australia) comments are preliminary notes at best and there is no attempt to analyse, at a minimum, four questions:

- What is the purpose of an education and information program?
- What has been the experience of education and information programs in the U.K. and U.S.A?
- What are the critical elements of an appropriate education and information program?
- What tools do consumers need to enter the competitive market and make an informed choice?

It needs to be noted that an appropriate education campaign is not just about "choice of retailer" as implied by CLCV & CFA (Australia).

As Barbara Alexander has argued: "The purpose of a comprehensive public education program should be to maximise public participation in the implementation of retail competition, minimise customer confusion about the changes being undertaken, and equip all customers with the means to participate effectively in the competitive electric market."

Marketing and education is not the same thing:

- The focus of marketing is selling products and services.
- The focus of education is facilitating informed choice and decisions and about marketers and their products and services.

Virtually all respondents to the Joint Subcommittee of the General Assembly of Virginia, USA, for instance "agreed that a distinction must be drawn between marketing and public education." While on p 11 the study notes: "It is crucial that the components of education and marketing be separated in order to assist consumers to participate effectively in the market. This issue must be addressed in advance of the opening of the market."

CLCV & CFA (Australia) recommend on p 46: "That the Victorian Government be principally responsible for education regarding choice of retailer and the ORG also involved in a collaborative way."

In contrast, UCAN in California has cautioned against the assumption that the government and its regulator have the principal educative responsibility – a trap that the CLCV & CFA (Australia) study has fallen into. The difference that needs to be made is the difference between steering and rowing. UCAN has argued that the CPUC must not fall into the trap of believing the "Commission must be the primary entity to facilitate consumer needs. UCAN views the Commission more as the conductor than the entire orchestra."

It would have been useful for an analysis to be undertaken of consumer education programs developed in the USA. e.g. in California, Maine, Michigan and Pennsylvania as a basis for determining what would be an appropriate consumer education program in Victoria.

CLCV & CFA (Australia) suggest that some education methods should include targetted information, mass media advertising, establishment of a community education fund, a call centre, a web-site, alerts and information bulletins provided to community groups and educative material.

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### **Information Disclosure**

CLCV & CFA (Australia) correctly argue on p 47: "The existing asymmetry between customers and suppliers may be addressed to some extent by the targeted and extensive education campaign outlined above. However, in order for customers to participate meaningful in the market, ongoing information must be accessible. Such ongoing information may assist to rebalance the asymmetry and also provide consumers with some bargaining power."

Consumer education is a critical factor in informing consumers but, as argued by CLCV & CFA (Australia), this can only be addressed to some extent. Information asymmetry reflects and reinforces the bargaining power of market participants.

Information disclosure, however, requires a more rigorous examination than is provided by the CLCV & CFA (Australia) study. The USA National Council on Competition and the Electric Industry, for instance, established a Consumer Information Disclosure Project in 1996. The purpose of the Project has been to assist state regulators and legislators address consumer information needs in a competitive electricity industry through technical information, consumer research and policy options.

### **Disadvantaged Consumers**

CLCV & CFA (Australia) argue that specific measures are necessary to protect vulnerable consumers against market failure or abuse arguing on p 37: "If there are grounds to fear that consumers generally will not benefit, the situation regarding low income and other disadvantaged consumers may be worse."

OFFER recognises that disadvantaged consumers experience significant barriers to their participation in the competitive market – arising from lack of information, issues associated with payment methods and debt.

What OFFER proposes is policies and strategies to facilitate the participation of disadvantaged consumers. OFFER proposes the need to overcome barriers to disadvantaged consumers participating more effectively in the competitive market through better information and reconsidering the rules on consumers' debt. OFFER also identifies innovative projects involving disadvantaged consumers e.g. St. Pancras Housing Association, EBIco's Equigas and Scottish Power and the Energy Action Grants Agency.

## Market Risk

The CLCV & CFA (Australia) report focuses on whether or not consumers benefit from competition, the number of consumers switching, transaction and metering costs and the number of competing suppliers but not on the risks of participating in the electricity market.

On p 41 it is stated by CLCV & CFA (Australia): We have examined risk areas for consumers arising from full retail contestability, protection measures required as well as initiatives to enhance consumer participation in relation to three specific areas: 1. Education and marketing; 2 Regulation of supply; and 3. Effective and efficient transfer between retailers."

On p 52 Section 4.1.3 is titled Marketing Electricity Supply and Services: Risks and Consumer Protection Strategies. This section proceeds to highlight marketing practices. The comments are a useful canvassing of the issues but the emerging recommendation on pp 54 - 55 are problematic in their incompleteness.

Risk is the key consumer protection issue for small consumers – what risks they could or should be exposed to in the contestable market. These risks can be group as follows:

- Shifting costs to consumers through new and/or increased fees and/or charges.
- Reliability trade-offs.
- Transaction costs – the cost of exploring and switching.
- Market failure.

As noted in the NECA Reliability Panel Final Report Review of VoLL in the national electricity market Report and recommendations (July 1999) "risk is an essential element of the NEM. A risk premium is the means by which the NEM incentivises the creation of reserve. It is equivalent to the purchase of reserve capacity by a central utility or reliability safety net action."

This issue has been addressed in submissions by Co-operative Energy Ltd to the Office of the Regulator-General, Victoria, distribution pricing review:

- **The Form of Price Control and Consultation**, 22 January 1999
- **Contestability Benefits & Costly Risks**, 10 February 1999
- **Framework and Approach**, 13 July 1998
- **Framework and Approach**, 27 July 1998

Electricity costs can be grouped into four categories:

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<b>Cost</b>	
Energy costs	The charges levied by your retailer for energy purchased and consumed.
Distribution costs	The charges levied by the distribution businesses for the use of their distribution network.
Regulated costs	The charges levied by the market operator e.g. pool fees
Other costs	Ancillary services

NEMMCO can impose charges on market participants to recover establishment costs and the revenue requirements of NEMMCO and NECA.

These charges could include but are not limited to:

- Registration fees
- Ancillary service fees
- Power system operation fees
- Metering fees
- Billing and settlement fees
- Administration fees

In the past, for example, ancillary fees were capped and only half paid by retailers. Ancillary service fees are now uncapped and the total amount is to be paid by retailers. IPART has expressed concern "that at present market fees and ancillary charges are neither regulated nor subject to competitive market discipline."

The following table is based on Appendix 6 Ancillary Services Under the Present Arrangements from OFGEM The new electricity trading arrangements Volume 2 (July 1999):

<b>Ancillary Services</b>	<b>Description</b>
Reactive	A service used to control voltage.
Response	An automatic service used to control frequency.
Reserve	An instructed service used to match demand/generation.
Black Start	The service provided by generation plant able to start without an external power supply.
Constraints	A service required for security and/or cost considerations when restrictions occur on the Transmission System.

Emergency Assistance	Required through the Transmission Licence for (mutual) support of any other transmission system linked to NGC's by an interconnector.
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The problem for individual consumers is whether these fees and charges are passed through to consumers and whether they are subject to any constraints. IPART has proposed there should be constraints on the maximum increase in individual prices. On 26 July 1999 NECA submitted an application to the ACCC to vary the NEM access code to take account of Code changes relating to NECA's review of transmission and distribution pricing. The ACCC has responded that the issues raised by the application include:

- Who should pay transmission charges
- How network charges should be levied
- Unbundling of network charge information
- Service standards
- Network bypass; and
- Embedded generation

Unlike the Consumer Law Centre of Victoria and the Consumer Federation of Australia, the USA Consumer Federation of America and Consumers Union do recognise that there is a fundamental issue of market failure and risk and have argued that these structural problems need to be addressed in the USA electricity industry:

- The breakdown of coordination as restructuring takes place eliminates the incentive for market participants to cooperate and makes it difficult for system operators to manage the electricity network.
- Inadequate transmission capacity and restrictions on access to transmission limit the ability of power to flow.
- A lack of incentives for utilities to keep capacity on line or to discipline their bidding for power overheats in the market.
- Outdated demand-side mechanisms fail to give consumers adequate options to either adjust their demand as prices rise or to have assurances of stable prices that will not expose them to wild price volatility.
- A complete absence of objective, public information about prices and market conditions prevents buyers from making sound decisions.
- Highly concentrated, local markets enable large generators to drive up prices by withholding supplies.
- Bogus financial transactions, like daisy chains, fuel price spirals.

They conclude the following:

There is, for instance, the issue as to whether or not reliability will be left to market forces and whether or not there will be some central standard which overrides the market. Texas Utilities Trading, for example, has argued: "A key problem in the structure of the National Code is that it does not devolve responsibility for reliability to market customers, but retains the central command and control override function." ( p 1 Submission on Capacity Mechanisms and Voll, 30 May 1999) Texas goes on to argue: "The current Code as implemented is thus inconsistent with the concept of a market which provides choice of reliability to consumers. NECA needs to decide whether pool customers are to have responsibility for the level of reliability they and their end consumers wish to choose, or whether a central standard, administered by the Reliability Panel, will be retained."

Will system reliability be compromised to enable small consumers to purchase cheaper electricity without the trade-off in reliability being transparent.

### **Code of Conduct**

It is proposed by CLCV & CFA (Australia) that the operation of the Sale and Supply Code be extended until 31 December 2005 by way of licence condition because the code provides many crucial protections to customers including provision of billing information, payment options and the administration of the Government Utility Relieve Grant system.

Minimum standards need to be established for all small consumers. The Supply & Sale Code provides a context document for these minimum standards but should not necessarily just be extended beyond 2000.

CLCV & CFA (Australia) propose two amendments to the existing code:

- The Code should require the Office to maintain a list of customers who do not wish to be solicited by telephone (or other forms) of direct marketing by retailers or their employees or agents. A penalty in the order of \$25 for an initial infringement and \$100 for a subsequent infringement should be levied against retailers in favour of customers. The quantum of the penalty is comparable to those imposed for minor civil breaches by individuals. A similar model is legislated pursuant to section 394.7 (a-c) of the California Public Utilities Code.
- Inclusion of a comprehensive hardship policy, particularly in relation to administration of installment plans.

The proposal for a continued Code of Conduct is supportable but the CLCV & CFA (Australia) discussion of a desirable code is at its best bitsy. It would have been useful to have examined what developments have been undertaken to

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codes with developing contestable markets and what new protections are necessary for small consumers.

The U.S.A. National Association of Regulatory Utility Commissioners (NARUC) has adopted a white paper as a blueprint for state regulators in developing rules for fostering competition and preventing anti-competitive behavior. Some of the minimum NARUC requirements include:

- All competitive services must be provided by independent affiliates;
- Affiliates must have separate books and records, and separate officers, directors, and employees.
- The affiliates may not have recourse to the utility's credit or assets;
- Transactions between the utility and its affiliates must be at arms' length, evidenced in writing;
- The utility and its affiliate may not carry out any joint promotion, marketing, sales, advertising, R&D, etc. No joint sales calls, no joint responses to RFPs, no joint participation in trade shows, etc.,
- Non-discriminatory limitations on information sharing between the utility and its affiliate: for example, any customer information the utility shares with the affiliate must simultaneously be made available to all other competitors.

In California, for instance, consumer protection measures include:

- Correct, reliable and easily understood information
- An opt-in database
- Standardised information disclosure
- Standardised bill formats
- Disclosure of any refusal of service
- Disclosure of electrical sources

In Maine there are restrictions on telemarketing by competitive providers and information disclosure requirements for competitive providers.

Barbara Alexander has identified these consumer protection measures inter alia:

Default service at market-based rates

Licensing criteria for Suppliers

Disclosures – price, contract terms, supply mix, emissions

Regulation of Credit Practices

Regulation of Contract Terms

Regulation of Unfair Trade and Marketing Practices

Reliability of service

Universal Service Programs

Customer Privacy

Another important issue is whether code of conduct rules should be different for small consumer-owned utilities. The arguments for this in the USA have been

that consumer-owned utilities have no incentive to cross-subsidise and strict separation requirements would be unduly cumbersome for co-ops.

On p 17 the CLCV & CFA (Australia) argue that if an obligation to supply is not mandated, consumers should be protected by the creation of a default retailer. On p 19 CLCV & CFA(Australia) recommend that ORG adopt a regulated default price for the Victorian market no higher than the default price at the rate current at the introduction of contestability. While CLCV & CFA (Australia) are correct in identifying the issues here, there is no detailed analysis of the meaning and content of these issues as a basis for informed choice  
e.g.

- What is the objective of a default service?
- Who should provide a default service?
- What are the pricing options for default consumers?

A default tariff and retailer are necessary but the options for this need further consideration.

### Information Sources

It is noted in the CLCV & CFA (Australia) report: "An extensive review of Australian and overseas literature and experience, with particular reference to the United States and the United Kingdom experience has been undertaken."

Regretfully, this statement calls to question the meaning of the word "extensive" as used by CLCV & CFA (Australia). The following list of sources are critical to any serious consideration of small consumer protection and participation yet are ignored either totally or in substance by the CLCV and CFA (Australia) study:

Referenced sources are selective and dated and this is problematic with a diversity of information and views and rapid developments in the industry overlooked in the study. After excluding cases, legislation and regulation documents this is illustrated by the dates of references in the bibliography on pp 84-87:

Year	Number of references
1999	7
1998	15
1997	8
1996	10
1995	6
1994	3
1993	1
1991	1



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1989	1
1988	1

Of these references, there are no referenced documents, for example, from:

- California Energy Commission
- Fisher, Sheehan and Colton
- IPART
- National Electricity Code Administrator
- National Electricity Market Management Committee
- National Rural Electric Cooperative Association
- New Jersey Division of Ratepayer Advocates
- Pennsylvania Office of Consumer Advocate
- The National Council on Competition and the Electrical Industry
- The Regulatory Assistance Project

Because of this, it is not surprising that much of the information and many of the arguments in the study are misleading and/or incomplete and are not substantiated. In ignoring other and more extensive sources, the CLCV & CFA (Australia) study has not been thorough and diligent in examining relevant options and experiences.

### **ACCC London Economics Review of Network Pricing, 8 April 1999**

In September 1998 the ACCC engaged London Economics to undertake a review of electricity network pricing. The review examines nodal pricing and Transmission Congestion Contracts in the context of a longer-term objective for the NEM. The review also examines the efficiency implications of cost recovery for networks and those actions that can be implemented in the short term.

### **ACCC Draft Determination – “d-risk” Risk Management Product, 30 July 1999**

On 16 September 1998 Energy Risk Management Pty Ltd lodged applications with the ACCC for authorisation of the d-risk Energy Risk Management Scheme that is designed to enable market participants, particularly generators, to manage operational risks during periods in which the spot price for electricity is very high. The ACCC proposes to grant authorisation until 31 December 2001.

### **Alexander, Barbara R Consumer Protection Issues in Electric Restructuring For Colorado: A Report to the Colorado Electricity Advisory Panel, February 1999**

Updates state activities regarding consumer education and disclosure policies, obligation of service and default or basic services, credit and collection regulations, affiliate transaction policy, the regulation of competitive energy suppliers, aggregation and enforcement and jurisdiction.

Alexander, Barbara **Retail Electric Competition: A Blueprint for Consumer Protection**, U.S. Department of Energy, October 1998

Extensive review of consumer protection issues: (a) consumer education and disclosure policies – consumer education, shopping for electricity, what should be disclosed (b) Consumer protection and public purpose programs – obligation to serve, default service, assuring reliability of service, universal service programs, credit and collection policies and customer privacy. (c) State regulation of competitive energy suppliers – the rationale for State consumer protection regulation, existing State and Federal consumer protection, definition of services subject to competition, licensing criteria for suppliers, disclosures, regulation of credit practices, regulation of contract terms and regulation of unfair trade and marketing practices. (d) The many faces of customer choice: Aggregation and Group Buying Power – consumer benefits from aggregation, barriers to effective aggregation, consumer energy cooperatives and a note on the muni-lite concept. (e) The new consumer protection role: jurisdictional and enforcement implications – jurisdiction of the State Utility Commission, access to books and records and enforcement tools, the role of the consumer advocate and the role of the State Energy Office.

Alexander, Barbara **Consumer Protection Proposals for Retail Electric Competition: Model Legislation and Regulation**, October 1996

Association of Bay Area Governments (USA) **Request For Proposals Electric Program Billing Agent Services**, 3 August 1999

ABAG Power is inviting proposals for electric program billing agent services – ABAG Power description and background, project description including background and number of accounts, general description of billing agent responsibilities, proposal submittal requirements, evaluation criteria and selection process, questions for submittal of proposal and general conditions.

Association of Bay Area Governments (USA) **News Release: ABAG Power Delivers Green Energy to Cities and Counties in Northern California**, 4 August 1999

Announcement of agreement to provide "green power" to 59 members. Green power is now 10% of energy produced in California.

Association of Bay Area Governments (USA) **About the Power Purchasing Pool**

Background information – what is ABAG? What is ABAG's Power Purchasing Pool? Who is eligible to join ABAG's Power Purchasing Pool? What level of commitment is required to join? What range of services will the pool offer? What are the benefits of participating in the ABAG Pool?

Association of Bay Area Governments (USA) **ABAG Power Goes Green Electric Pool Offers Renewable Energy to Members Power Matters**, Summer 1999, No 8, p 1

Reports on agreement with Calpine Corporation to provide renewable power to ABAG Power members – history of the program and how the program works.

Association of Bay Area Governments (USA) **Gas Program Savings Continue; Electric Program Changes Billing System Power Matters**, Summer 1999, No 8, p 2

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Reports on ABAG Power's third year of a natural gas program – providing total savings of 5% to its 44 participating members in 1998-99 compared with 2% in 1997-98 and 7% in 1996-97. Participating members received a specific savings report that includes a monthly analysis of gas consumption. Points out that the program also provides price stability. Also reports that electric billing is to change from levelized to actual billing.

### Association of Bay Area Governments (USA) Electric Pool Completes Its First Year Gas Pool Savings Beat PG&E, **Power Matters**, Winter 1999, No 7, pp 2 – 3

Reports that 59 agencies are members of the electric pool – representing 5800 accounts. Notes two implementation lessons – make short-term energy purchases and simplify the bill. Notes that gas pool has achieved moderate savings of 2.1% in 1997-98.

### Boudreaux, Greg Industry Restructuring Update **Management Quarterly**, Fall 1998, pp 2 – 9

Focuses on six key issues: What have been the drivers of wholesale and retail competition, and how do these two concepts differ? What lessons can be learned from retail wheeling activities in the states? What's happening in the power marketing business, and how does that relate to the price hikes this summer in the wholesale market? What strategies are being implemented by investor-owned utilities? What are the prospects for national restructuring legislation? What are electric cooperatives doing to prepare for competition?

### Cafferky, Monica "Wind farm plan to save a way of life" **Co-operative News**, 14 September 1999, p 10

Three Welsh farmers have formed a wind co-operative: Fair Wind Company. Electricity generated will be enough to power nearly 1500 homes. Cost will be 2 million pounds. by three wind turbines. Co-op will have three types of shares – employee, community and corporate.

### California Energy Commission **Report on the Development and Organization of the California Electric Users Cooperative**, April 1998

Report on the development of the California Electric Users Co-operative – history, organizing process and formation.

### California Energy Commission **What Electricity Restructuring Means for Rural California Counties**, P300-98-011, July 1998

An evaluation of the various aggregation options to acquire lower cost generation services for small rural counties, their governments and residents – based on the Commission's energy consumption database and information provided by county governments, the California Public Utilities Commission and electricity service providers. Considers what is aggregation, rules for aggregation, costs and benefits of aggregation and aggregation options – municipalisation, muni-lite, aggregation of government loads in a single county, community aggregation of all customers, multi-agency/county aggregation and community energy authority.

### California Energy Commission **New Options For Agricultural Customers: California's Electric Industry Restructuring**, P400-97-005, June 1998

Summarises changes in California's electric industry and discusses four basic options available to farmers with a discussion of advantages and disadvantages – remain a customer of the present utility, choose a new

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electricity provider, become an irrigation district customer and switch some activities from electricity to a different form of energy. Option of new electricity provider includes aggregation. Energy management is also advocated as overriding additional option to cut production costs.

### **Can We Get There From Here? The Challenge of Restructuring the Electricity Industry So That All Customers Can Benefit White Paper on Electric Utility Restructuring**

#### **Chapter Summaries**

#### **Executive Summary**

#### **Full Report**

#### **Report Summary**

1995

An examination of how small business and residential electric consumers can benefit from the restructuring of the electric industry in California – the technology, costs and applicability of RTP to residential consumers, residential consumer usage patterns and their potential for load shifting; marketing electricity services to small consumers – methods, factors and circumstances and the role of consumer education and protection; aggregation of consumers and various forms of aggregation; the likely costs and benefits to small consumers of RTP, retail wheeling and aggregation under different scenarios.

### **Cape Light Compact News Release: Cape Light Co Pact Seeks to remove Parties blocking power contract, 7 July 1999**

Report on two organisations that are attempting to block the compact's negotiations with a power supplier – National Energy Choice and the Massachusetts Municipal Association.

### **Cape Light Compact RE: Request For Proposals For Power Supply, 29 January 1999**

Invitation for proposals to provide power to an aggregated customer group in 20 municipalities on Cape Cod and Martha's Vineyard. Includes general provisions – inquiries, proposal submission fee, proposal submission date, additional information, form of proposal and number of copies, terms of submission, general description of the request for proposals, proposal format, evaluation of power supply proposals, selection of power supplier and contract administration.

### **Cape Light Compact Cape Power savings at risk (Susan Milton), Cape Code Times, 8 July 1999**

Reports that a power struggle for the electricity market on Cape Cod threatens to unplug plans to discount power for consumers and that if delay continues Compact may lose its negotiated discounts. Discusses what is behind the dispute.

### **Citipower, United Energy and AGL Electricity Observations on Review of Voll in the national electricity market – Issues Paper, 3 June 1999**

### **Coady, M.M. Masters of Their Own Destiny, Harper & Brothers, 1939**

The story of the Antigonish co-operative movement and the role of St. Francis Xavier University in Nova Scotia, Canada – the great default of the people, starting with mass meetings, the spread of adult education, development of consumers' cooperatives, the significance of credit unions, cooperative marketing

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movements, the economic approach in adult education, cooperation in our social blueprint and cooperation and religion.

### **Colton, Roger D Electric Restructuring and the Low-Income Consumer, Fisher, Sheehan & Colton, April 1999**

Prepared for Colorado Electricity Advisory Panel, Colorado General Assembly. Section 1 Background Information – Socio-Economic Characteristics, existing low-income fuel assistance and the impacts of electric restructuring. Section 2 Potential Legislative Responses – price protection responses to low-income concerns and market responses to low-income concerns. Price protection responses – impact assessment, quality of service metrics, phase-in of choice, non-discrimination, cap the gap and ancillary fees. Market responses – low income aggregation: strong community choice, State Purchasing Pool and assistance in aggregation.

### **Colton, Roger D. I/M/O Requiring Reports and Actions Relating to Independent System Operators, Regional Power Exchanges and Retail Access Pilot Programs Case No. PUE989138, Comments of VMH Inc, Fisher, Sheehan and Colton, April 1998**

Identifies elements that are regarded as a necessary component of any retail access program – each pilot must encompass a cross-section of customers that is representative of the overall customer mix in each utility's service territory, each program should incorporate an equal access funding mechanism, the direct access pilot projects should test an assistance in aggregation program, the Virginia direct retail access programs should test a reinsurance facility approach to serving customers perceived to be high risk, the Virginia direct retail access programs should have an adequate consumer education initiative, local distribution utilities should not be one of the suppliers in the pilots, rather than using a sign-up system to identify customers who have a desire to participate in the pilot (with a lottery used in the event of over-subscription), a small user pilot should be pursued on a geographic basis and any pilot program must operate as much like the competitive market would be expected to operate as possible.

### **Colton, Roger D Consumer Aggregation and Sophisticated Purchasing: Electric Restructuring Lessons from the Health Care Industry, August 1998**

Discusses health care aggregation and its relevance to the electric industry – health care and the hard-to – serve consumer, the rise of the health care co-op model, purposes of the purchasing co-operative – socializing the costs of expertise, socializing risks and spreading costs and the acquisition and exercise of market power. Provides examples of health care co-operatives and concludes with health care lessons learned for consumer aggregation in a restructured electric industry.

### **Colton, Roger D Electric Utility Restructuring and the Low-Income Consumer**

- > **Facts on File No 15: What's a "consumerco"?**, October 1997 The Consumerco aggregation proposal – purpose, services, basic approach, co-op nature, previous co-op initiatives such as health purchasing alliances and credit unions. Concludes that through Consumerco low-income consumers will be able to minimise their total home energy bills and obtain a voice in the operation and management of the energy service provider.
- > **Facts on File No 13 Lessons from Other Industries**, October 1997 Low income advocates concern that competition will impose higher costs and lesser service on low-income users. The experience of other industries where this has occurred is briefly summarised – banks, automobile insurance, telecommunications, health and property insurance. Concludes the essential characteristic of the market is that it allocates goods and services on the basis of ability to pay rather than need for the service.

- **Facts on File No. 10 What's at Risk: The Anticipated Impact on Consumer Protection, October 1997** Considers the impact of restructuring on consumer protection issues old and new as well as on the regulatory framework – the reliance on service disconnections, consumer shutoff provisions, billing disputes and inquiries unfair marketing, payment disputes and regulatory jurisdiction. Argues that restructuring will create significant consumer protection issues and a likely cutback in procedural protections.
- **Facts on File No 6 What's at Risk? Will Competitors Seek out the Poor? October 1997**, Argues low-income households are not well positioned to take advantage of competition in the electric industry – the problem of size, those dinnertime phone calls and what's happened before. Concludes low-income consumers do not have the market power to attract competitive attention to bring the benefits of competition to them.
- **Facts on File No 4 Different Types of Competition: What is Being Proposed?, October 1997** Identifies and discusses two different types of competition – retail competition and wholesale competition. Identifies two reasons for wholesale competition – generation and technological advances.

**Consumer Federation of America and Consumers Union Electricity Restructuring and the Price Spikes of 1998 A Need for more Vigorous Efforts to Protect Consumers, 21 June 1999**

An examination of price spikes in the USA electricity market in 1998 from a consumer perspective. Argues that a new market creates disorder – breakdown of coordination, transmission constraints, information inadequacies, defaulting on obligations and inexperience. Concludes that basic conditions must be adequate to support competition – evaluating capacity before markets open, ensuring adequate infrastructure, supply-side performance penalties and confronting the inelasticity of demand.

**Consumer Federation of America The Cooperative Difference Consumers Helping Themselves to Meet Needs and Save Money**

Briefly explains the co-operative difference – consumers co-operatives are businesses which belong to the people who use them, co-operatives are successful because they provide valuable services and save consumers money and the central principle of consumer cooperatives is member control and participation. Briefly describes examples of consumer co-operatives – credit unions, utility cooperatives, housing co-operatives, food cooperatives, nursery school and childcare cooperatives and health care cooperatives.

**Costello, Kenneth Household Participation in Gas Customer Choice Programs: Some Facts, Explanations, and Lessons Learned, The National Regulatory Research Institute, June 1999**

Examines small consumer interest in gas choice programs and concludes most are reluctant to switch even with bill savings. Argues that savings must be adequate to offset risks and transaction costs. Proceeds to examine nature of gas customer choice programs, customer participation numbers and rates in actual programs, determinants of customer participation, identifying the major determinants for programs and the major lessons learned.

**Electricity Advisory Panel Draft Evaluation Report, Colorado Public Utilities Commission, 1 July 1999**

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Reports farmers are worried about the impact deregulation of public utilities and that it will bring higher power rates and lower the quality of service. Notes NRECA comments that deregulation has boosted new power-buying co-operatives that are achieving savings of 2% - 5% for their members. Refers to experience of California Electrical User's Cooperative that has 500 members and has achieved a 3% discount with 2.5% to members and .5% for administrative costs.

### **Hanger, John Electric Competition in Pennsylvania: Progress & Problems LEAP Letter, September-October 1998**

Pilot program saw 220,000 consumers switch, including 170,000 residential, saving between 5% - 15%. Emphasises the importance of a high shopping credit that will determine whether consumers can save money by switching suppliers. The most serious challenges are market power abuses.

### **Independent Pricing and Regulatory Tribunal of New South Wales Pricing For Electricity Networks and Retail Supply Report Volumes 1 & 2, June 1999**

Proposed recommendations to NSW Government on appropriate revenue/price paths for the period 1999/00 to 2003/04 for six government-owned distribution network service providers and their associated franchise retailers. Proposals will result in real reductions for distribution service charges of 16% over the next five years with metropolitan consumers benefit from price reductions of around 20%. Contents include – principles and forms of regulation for networks, standards of service, the initial capital base, rolling forward the capital base, capital expenditure, depreciation, rates of return for network service providers, efficient operating and maintenance expenditure, total revenue requirements for DNSPS, total revenue requirements for Transgrid, retail supply, ring fencing and information requirements and regulatory concerns. Attachment 13 is about Retail Contestability Issues.

### **Independent Pricing and Regulatory Tribunal of New South Wales Contestability For Residential and Other Low Use Electricity Customers (SRC International Pty Ltd), December 1998**

Explores a range of issues surrounding the introduction of competition into the electricity market for residential and other low use electricity consumers. The key focus is to identify potential barriers facing small consumers. Issues considered include – the usage of deemed load profiles versus half-hour meters, market design issues, incumbent advantages and cost-benefits to competition. Argues there is no obvious or correct retail contestability solution, there are a considerably greater number of metering and settlement issues, profiling is not necessarily a low cost option, customer inertia is expected to contribute to low numbers of customers changing retailers, an initial cost-benefit assessment indicated that initially there may be no significant net benefit to the average residential consumer from competition and that further investigation is necessary of meter/profile and other market design issues and costs.

### **Iowa Utilities Board Universal Service Emerging Competition in the Electric Industry, Docket No. NOI-95-1, A Staff Analysis, March 1999**

An analysis of four issues – end use consumer access to service, provider of last resort, consumer protection and low-income assistance programs. Includes a summary of USA Federal and State Government activities – universal service, security deposits, late fees, switching fees, obligation to connect, disconnection and reconnection provisions, provider of last resort, consumer protection, service termination, contract provisions and low-income assistance.

### **Kaloko, Ahmed Power 99: California & Pennsylvania Retail Market Development, Pennsylvania Public Utility Commission, 1999**

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Electric restructuring comparison between California and Pennsylvania - customer participation rates, rate caps and rate reduction, competitive default service, stranded costs and securitization, divestiture of generation assets, power pools and ISOs, energy markets, transmission pricing, lessons learned and electric utility stock prices – 52 week.

**Massachusetts Energy Buyers Coalition News Release: State's Largest Energy Consumers Form The Massachusetts Energy Buyers Coalition, 16 August 1999**

Michigan Public Service Commission **Statewide Customer Education Program Proposal Case No. U – 11290 Electric Restructuring**, Report filed by the CHOICE Advisory Council, 3 June 1999

A proposed customer education program – purpose, program objectives, program timing, communications strategy, infrastructure, grassroots foundation, measures of success, program budget, comparison to other states, funding mechanism and implementation management.

Michigan Public Service Commission **MPSC Gas Customer Choice Program Status**, 27 July 1999

Statistics on Michigan Public Service Commission's Natural Gas Customer Choice Pilot programs – including total natural gas deliveries to Michigan, number of participating customers and Bcf per year of participating customers.

Milton, Susan Cape schools, towns unite for cheap heat **Cape Cod Times**, 12 June 1999

Reports that 20 Cape schools, town buildings and other public buildings will lower their gas heating bills by an estimated \$92,000 a year – based on a 13% discount based on a one year contract renewable for a further 12 months.

Montana Legislature (USA) **Senate Bill No 406 An Act Authorizing the Formation of buying cooperatives to purchase electricity for residential and small commercial customers in investor-owned distribution utility service territories in which those customers can choose an electricity supplier; authorizing the Public Service Commission to designate one or more default suppliers for electricity within an investor-owned distribution utility's service territory; amending sections 69-8-103, 69-8-201, and 69-8-403, MCA; and providing an immediate effective date, 1999**

National Electricity Code Administrator **Final Report of transmission and distribution pricing review**, 8 July 1999

National Electricity Code Administrator **Reliability Panel: Review of summer reliability**, 1 July 1999

National Electricity Code Administrator **Review of VoLL: forum proceedings**, 3 June 1999



National Electricity Code Administrator **Reliability Panel: frequency standards, June 1999**, 1 June 1999

National Electricity Code Administrator **Review of VoLL: forum presentations**, 25 May 1999

National Electricity Code Administrator **Reliability Panel review of VoLL: Public Forum Agenda**, 14 May 1999

National Electricity Code Administrator **Reliability Panel: The Review of VoLL in the national electricity market**, 12 May 1999

National Electricity Code Administrator **Reliability Panel Final Report Review of VoLL in the national electricity market Report and recommendations**, July 1999

Core principle is balancing the ability of the market to clear voluntarily i.e. for supply to match demand, under all but the most extreme conditions, against risk. Coverage: balancing supply and demand – supply side assessment and demand side, consistency with criteria for network investment and operation, risk – risk premium and context sensitive price cap, balancing the issues – VoLL and Cumulative price threshold (CPT), cumulative price threshold (CPT) and Administered price cap (APC) Level of Administered Price Cap (APC), the framework for future reviews and other issues – 5 minutes/30 minute pricing and VoLL scaling.

National Electricity Market Management Committee **Full Retail Competition in the NEM Final Report & Background Paper and Conceptual Design**

National Electricity Market Management Committee **Metering Requirements for Customer Choice & Market Settlement in the Contestable Electricity Market**

National Electricity Market Management Committee **Ancillary Service Review – Recommendations Consultation Document** Prepared by: NEMMCO with the assistance of the Ancillary Services Reference Group, Version No 1.0, 10 August 1999

Document makes a number of recommendations for the short and long term development of the ancillary services market – ancillary services reference group process, current position and way forward for review, frequency control ancillary service, network control ancillary service, system restart ancillary service, implementation strategies, code changes and next steps.

National Energy Choice **News Release: Record-Setting Program Provides Municipalities, Small and Large Businesses Can Benefit from Electricity Deregulation**, 5 August 1999

National Energy Choice claims to have largest municipal aggregation program in the USA – achieving savings of between 5-15% below the scheduled utility standard offer supply rate. National Energy Choice has pooled the buying power of 118 municipalities in Massachusetts with 84 extended care facilities and 157 other businesses and non-profit groups.

National Electricity Code Administrator **Reliability Panel: frequency standards, June 1999**, 1 June 1999

National Electricity Code Administrator **Review of VoLL: forum presentations**, 25 May 1999

National Electricity Code Administrator **Reliability Panel review of VoLL: Public Forum Agenda**, 14 May 1999

National Electricity Code Administrator **Reliability Panel: The Review of VoLL in the national electricity market**, 12 May 1999

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**National Energy Choice News Release Eleven Chambers of Commerce Join Forces, Sign Exclusive Agreement with National Energy Choice to Receive Energy Savings, 11 March 1999**

Reports that Massachusetts Chamber Collaborative have signed with National Energy Choice for low-cost electricity, natural gas and energy efficiency. Eleven chambers make up the Collaborative.

**National Energy Choice Massachusetts Municipal Aggregation is Evaluating Six Energy Proposals, 2 March 1998**

Reports formation of ElderCARE Power Pool – a Massachusetts Extended Care Federation to facilitate the energy purchasing power of its 550 members.

**National Rural Electric Co-operative Association Electric Energy Consumer Bill of Rights, 1999**

This Electric Energy Consumer Bill of Rights was overwhelmingly approved by the membership of the USA's National Rural Electric Co-operative Association at its 57<sup>th</sup> Annual Meeting in March 1999.

**National Rural Electric Co-operative Association News Release: Consumers Need Protection From Restructuring Risk, NRECA Tells OMB 16 October 1998**

**National Rural Electric Cooperative Association NRECA Calls Consumer Aggregation a Hedge Against Market Power, 28 July 1999**

NRECA CEO Glenn English argues that co-operatives aggregate consumers and ensure that they can leverage their market influence and benefit. Co-operatives have already been formed in California and New York.

**National Rural Electric Cooperative Association (and Alliance to Protect Electricity Consumers) Statement of Principles regarding Electricity Industry Deregulation, 12 February 1998**

**National Rural Electric Co-operative Association News Release: Ist Rochdale Cooperative Joins Touchstone Energy, 19 August 1998**

**National Rural Electric Co-operative Association NRECA CEO Comments After FERC Price Spike Hearing, 17 August 1998**

**National Rural Electric Co-operative Association Reason Replaces Ideology in Electricity Restructuring Debate**

**National Rural Electric Co-operative Association Cooperative Electric Utilities' Position on Industry Restructuring**

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### **National Rural Electric Cooperative Association Market Power, Mega Mergers Threaten Electric Utility Competition**

### **National Rural Electric Cooperative Association America's Cooperative Electric Utilizes**

An overview of electric cooperatives in the USA – facts at a glance, net margins and capital credit, taxes paid by co-operatives, finance, rate regulation, research, statewide associations, national representation.

### **National Rural Electric Cooperative Association On The Buying Side Of The Meter: A Consumer View of Electric Deregulation**

### **National Rural Electric Cooperative Association Remarks of the National Rural Electric Cooperative Association Before the Hearing on Electric Utility Deregulation of the National Association of Attorneys-General, 18 November 1997**

Why rural electric cooperatives are different, universal service, market power, reliability and security in electricity supply and consumer education and information.

### **National Rural Electric Cooperative Association Electric Industry Restructuring Scorecard June 1999, June 1999**

### **National Electricity Market Management Company Limited Statement of Opportunities Addendum No 1 – June 1999 Impact of Revised Victorian Load Forecasts and Generation Commitment in Victoria and South Australia, 1999**

### **National Electricity Market Management Company Final Report: Development of a Conceptual Metering and Settlement Design for Full Retail Competition in the National Electricity Market, Prepared by Putnam, Hayes & Bartlett – Asia Pacific Ltd Pty and Lacuna Consulting Limited, 11 December 1998**

### **New Jersey Division of the Ratepayer Advocate Municipal Aggregation (Rev) Vol 1 No 2, April 1999**

Defines municipal aggregation and how it could benefit small consumers. Emphasises rates offered must be lower than existing utility rates, the municipality does not become involved in billing and servicing customers and that consumer membership is voluntary.

### **New Mexico Public Utility Commission In the matter of the petition of the advocacy staff of the New Mexico Public Utility Commission for rulemaking, to allow net metering for customer owned renewable energy and fuel cell generation resources of 10 kW or less, Notice of Proposed Rulemaking, Case No. 2847, 1 September 1998**

Notice of proposed new rule allowing net metering for customer owned renewable energy and fuel cell generation resources – to actively promote the use of small-scale, customer-owned and other renewable

### **The Consumer Law Centre Victoria and Consumers' Federation of Australia: Consumer Participation and Protection in the Victorian Electricity Market following Retail Contestability in the Below 160 MWh per annum Tranche (1999)**

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energy resources, distributed generation and alternative technology energy resources and facilities – including procedures for interconnection, net metering calculation, aggregation of usage, demand credits, complaints and investigations, severability, exemption or variance and customer information.

### **North American Electric Reliability Council News Release: Legislation Needed to Protect Reliability of Nation's Transmission Systems, 22 April 1999**

Argues that Federal legislation is needed to protect the reliability of the nation's interstate, high-voltage transmission system and that the existing voluntary system is not sustainable.

### **OFFER A Review of the Development of Competition in the Designated Electricity Market, June 1999**

An initial assessment of the development of competition in the U.K. electricity market – focusing primarily on the market for Designated Customers. It looks at development of competition to date and how it could develop in the future – how competition was introduced, changes in the market.

### **OFFER Electricity Competition Review Research Study Conducted for OFFER, June 1999**

A snapshot of the early stages of the introduction of competition into the domestic electricity market – determining customer awareness, knowledge and experience of electricity competition; evaluating the problems experienced with the switching process and/or new suppliers and examining the issues affecting disadvantaged customers and how competition impacts on them.

### **OFFER Quality of Supply Attitudes of Business and Domestic Electricity Customers Research Study Conducted for OFFER, January – March 1999**

A study on supply interruptions and attitudes to a range of possible changes to Guaranteed Standards of Service. Issues covered include customers' expectations of supply reliability and the value placed on a secure supply, awareness of present standards and payment levels and views on improving/extending standards or setting new ones, whether and how to set standards for the level and duration of supply interruptions, whether companies should make standards payments even during 'extreme' weather or following supply failure for other reasons beyond the company's control, whether payments should be made automatically without the customer having to claim and customer views about communications with companies during supply interruptions.

### **OFFER Review Of Electricity Trading Arrangements, 1997 –**

OFFER has established a Development and Implementation Steering Group that is responsible for developing the detail of new trading arrangements in the U.K. All papers of the DISG are available on OFFER's website: <http://www.open.gov.uk/offer/offer.htm>

### **OFFER Social Action Plan: discussion paper, May 1999**

Examines what are the causes of fuel poverty, who it affects, the various bodies and organisations who can contribute to its reduction or elimination and what the special contribution of regulation could be.

### **OFFER (& OFGAS) The Social Dimension Action Plan: OFFER and OFGAS proposals, June 1998**

### **OFFER Pool price: decision document, May 1999**

**OFFER Pool price: a consultation by OFFER, February 1999**

**OFFER Report on Pool price increases in Winter 1997/98, June 1998**

**OFFER Standards of performance for Public Electricity Suppliers: proposals, March 1998**

**OFFER The social dimension action plan: OFFER and OFGAS proposals, June 1998**

**OFFER Review of Domestic and Small Business Electricity Supply Price Regulation: A Consultation Document, June 1999**

A review of existing price controls and associated standards of service that seeks views from interested parties. The first part sets out relevant background. The second part invites comments on the principles to be applied and the suitable forms of regulatory controls beyond 1 April 2000. Includes consideration of the development of the competitive market – the over 100 kW market, the under 100 kW market, customer awareness – domestic customers and small business customers, prices – domestic customers and small business customers, disadvantaged customers, supplier behaviour, market share, dual fuel, potential barriers to the development of effective competition and implications for the present review.

**OFGEM OFGEM Consultation on Rises in Pool Prices in July, July 1999**

Comment on unusually high pool price in UK electricity market in July 1999 – some 80% above the average for the same period last year. Summarises defences of National Power and PowerGen. Suggests that the prices do not reflect underlying supply/demand fundamentals and are not representative of prices in an orderly market.

**OFGEM Energy Efficiency: A consultation Paper, July 1999**

Describes the actions affecting energy efficiency OFGEM is taking, sets out the OFGEM approach to energy and invites comments particularly in terms of standards of performance for electricity and gas companies. Chapter 2 explains the regulatory regimes and the Government's intention in respect of changes to the regulatory framework. Chapter 3 sets out the regulatory actions that impact on energy efficiency. Chapter 4 describes the background to the setting of Energy Efficiency Standards of Performance from 1994-1998 and their structures and details and assesses performance under these Standards. Chapter 5 discusses the scope of future standards and foreshadows these future standards. Chapter 6 summarises OFGEM proposals.

**OFGEM The new electricity trading arrangements Volume 1, July 1999**

Detailed proposals for the implementation of new electricity trading arrangements in England and Wales. Chapter 2 provides background on the objectives of the proposed changes. Chapter 3 examines the concerns that continue to be expressed about the present trading arrangements. Chapter 4 indicates the scope for change. Chapter 5 provides an overview of the new arrangements. Chapter 6 details the proposals for the operation of the Balancing Mechanism. Chapter 7 explains how the Settlement Process will operate. Chapter 8 focuses on the role of the System Operator. Chapter 9 covers the legal and regulatory framework for the new arrangements. Chapter 10 sets out new governance proposals. Chapters 11 and 12 explain how the new trading arrangements will impact on participants. Chapters 13 - 17 assesses the new arrangements from a variety of perspectives – including greater demand-side participation, developing competition in generation and supply and security of supply.

**OFGEM The new electricity trading arrangements Volume 2, July 1999**

Appendices to Volume 1 Appendix 1 Group Membership. Appendix 2 RETA Programme: Bibliography of Papers. Appendix 3 The Present Trading Arrangements —Experience to Date. Appendix 4 Developments in Other Markets. Appendix 5 NGC Paper on Operational Information. Appendix 6 Ancillary Services Under the Present Arrangements. Appendix 7 Worked Imbalance Examples. Appendix 8 The Existing Legal and Regulatory Framework Appendix 9 Governance Appendix 10 Working with the New Arrangements Appendix 11 Simulation Modeling Appendix 12 Costs

**Pennsylvanians Flock to Cooperative Option, 1st Rochdale Record, Volume 1 Issue 4, p 7**

**Pennsylvania Office of Consumer Advocate Testimony of Irwin A. Popowsky, Consumer Advocate of Pennsylvania Regarding Retail Electricity Competition in Philadelphia before the Philadelphia City Council, 27 May 1999**

**Pennsylvania Office of Consumer Advocate Statistics Released by Consumer Advocate on Pennsylvania Electric Choice Program, 10 March 1999**

Numbers of consumers being served by alternative electricity suppliers after the first two months of the Pennsylvania Electric Choice Program as at 1 March 1999.

**Pennsylvania Office of Consumer Advocate PA Electric Shopping Statistics, 1 July 1999**

Report of a survey of Pennsylvania's electric distribution companies on the number and percentage of customers and customer load served by alternative generation suppliers by suppliers, residential, commercial and industrial consumers.

**Popowsky, Sonny Pennsylvania Consumer Benefits from Electric Industry Restructuring and the Federal Role, LEAP Letter, May-June 1999**

Argues consumers in Pennsylvania are protected against rate increases and cost shifting and universal programs to assist low-income consumers have been expanded. As at 1 April 1999 nearly 400,000 consumers, including 300,000 residential consumers, were being served by alternative generation suppliers. Residential consumers are saving between 2% and 10%. Issue is not number who have switched but whether consumers as a whole have benefited.

**Public Citizen Ohio Community Choice Shows Congress the Way, 29 June 1999**

Supports Ohio's legislation to deregulate retail electricity markets that allows cities, towns, villages and counties to work together to purchase electricity for residential consumers and small businesses. The legislation is modeled after a provision in Massachusetts' 1997 electric restructuring law.

**Public Service Commission of Utah Consumer Protection Report Public Service Commission of Utah to the Electrical Deregulation and Customer Choice Task Force, 1 August 1998**

An analysis for insuring consumer protection in a competitive environment which addresses the provision of a standard offer, the obligation to connect and serve, dispute resolution, consumer education, universal service, Safety and reliability, aggregation and regulation of electric service providers. Argue that ongoing protection for consumers is necessary but that there is disagreement as to whether this will be permanent or transitional. Recommends continuation of existing consumer protection with laws that protect against deceptive advertising, price discrimination and unfair business practices. Supports aggregation as helping the bargaining position of small consumers and, therefore, should be encouraged.

**Public Utilities Commission of Nevada Docket No. 97-8001 (Load Profiling Regulation), For Hearing 20 September 1999**

Notes that the development of competition requires that load profiles be developed and utilised in lieu of interval metering – includes general responsibilities of an EDU, EDU application for approval of a load profiling plan and future applications for approval of changes to load profiling plan.

**Public Utilities Commission of Ohio PUCO Gas Choice Program Participation Tops One-Half Million, 1 July 1999**

Statistics on Statewide participation in Ohio's natural gas choice program.

**Rasput, Paula G Change Drives Opportunities: The Road to Deregulation, Atlanta Gas Light Company, 19 July 1999**

**State of Maine Public Utilities Commission Public Utilities Commission Licensing Requirements, Enforcement and Consumer Protection Provisions for Competitive Electric Providers (Chapter 305), Docket No. 98 – 608, Order Adopting Rule and Statement of Factual and Policy Basis, 3 February 1999**

Final rule including application requirements for competitive providers – financial capability, technical capability, disclosure of enforcement and complaints, portfolio requirement, affiliates and consumer protection. Section 4 consumer protection includes applicability, provision of information to customers, right of rescission, verification of affirmative customer choice, minimum service period, notice of changes in material terms and conditions and contract renewal, cancellation of service, generation service bills, do-not-call list, protection of customer information, unfair or deceptive practices, excessive collection costs, application for service and denial of credit, conducting business with unauthorised entities, dispute resolution and waiver or exemption.

**State of Maine Public Utilities Commission PUC Consumer Education Program Comprehensive Plan – Draft, 1 March 1999**

Details of the consumer education program for the period January 1999 through to January 2001 – situation analysis, research plan/development of benchmarks, comprehensive plan, community outreach program, media relations, collateral, direct mail, advertising plan, monitoring and program changes, timeline and budget.

**The Working Group on Vermont's Electricity Future Report to Governor Howard Dean M.D., 18 December 1998**



**The Regulatory Assistance Project Presentation of Cheryl Harrington to the Massachusetts Electric Restructuring Roundtable, 12 March 1999**

Default service – terminology, additional objectives, default price, public purpose of default, who provides default service, bidding options, price options and range of default prices.

**Texas Utilities Trading (and representing Eastern Energy Retail) Submission on Capacity Mechanism and Voll, Submission to NECA Reliability Panel Review of Voll in the national electricity market, 30 May 1999**

A response to two draft papers – NECA needs to adopt a holistic approach, responsibility for reliability – NECA or the market, an energy only market is supported under certain conditions, transition to a higher Voll, supply side analysis, Mercers Report, compensation for direction, force majeure, 5 minute pricing and Voll Scaling.

**Report of the Joint Subcommittee Studying Restructuring of the Electric Utility Industry, to the Governor and the General Assembly of Virginia, Senate Document No. 34, 1999**

**Richardson, William News Release: Secretary Richardson Announces Six-Point Initiative to Help Prevent Power Outages, United States Department of Energy, 19 July 1999**

A six-point plan to help prevent power outages because consumers should not have to wonder whether the lights will go out – developing standards for more efficient air conditioners, investigating major power outages, assessing capacity and demand, coordinating efforts through a regional summit, leading by example and redoubling existing efforts.

**Schachter, Deborah Public Outreach and Education in Electric Utility Restructuring, National Consumer Law Center and the Regulatory Assistance Project, 23 August 1996**

Seeks to explain what is required for an effective public outreach and education effort – requiring a comprehensive and sustained public education and outreach efforts. Examines why public education is important – to obtain valuable feedback to aid decision-making, to create order out of confusion, to create a reasonable well-functioning market, To assure that all customers benefit from restructuring and to protect vulnerable customers. Examines the scope of education and outreach efforts. Considers the New Hampshire experience of education and outreach and summarises education and outreach plans in New York, California, Wisconsin and Massachusetts. Considers the design of an effective public education campaign – make the message relevant and accessible, emphasise community-based and interactive approaches, the campaign should be co-ordinated and cohesive, education must begin well in advance, sufficient and skilled personnel will be essential and public hearings are a necessary but not sufficient avenue for public participation.

**Silberstein, Pam What's Happening With State Codes of Conduct? Management Quarterly, Winter 1998, pp 28 – 33**

Focus on USA state regulators adopting codes of conduct between regulated utilities and their unregulated affiliates. Argues against "one-size-fits-all" and that co-ops need different rules.

The National Council on Competition and the Electric Industry **Full Environmental Disclosure for Electricity Tracking and Reporting Key Information**, May 1997

The National Council on Competition and the Electric Industry, **Information Disclosure For Electricity Sales: Consumer Preferences From Focus Groups**, May 1997

The National Council on Competition and the Electric Industry **Assessing Impacts of Restructuring on Small Business, Residential, and Low-Income Customers** (Roger Colton), 1996

The National Council on Competition and the Electric Industry **Customer Choice** (Cheryl Harrington) 1996

The National Council on Competition and the Electric Industry **Market Power in the Electric Utility Industry: An Overview** (William Shepherd), 1997

The National Council on Competition and the Electric Industry **Regional Issues in Restructuring the Electric Industry** (Sue Tierney), 1998

The National Council on Competition and the Electric Industry **Disclosure of Fuel Mix and Emissions by Retail Electric Service Providers: Issues of Confidentiality vs. Public Right to Know** (Scott Hempling) July 1997

The National Council on Competition and the Electric Industry **Information Disclosure for Electricity Sales Consumer Preferences from Focus Groups Report 2 – West Coast** (Mario Teisi et al), 1997

The National Council on Competition and the Electric Industry **Information Disclosure for Electricity Sales Consumer Preferences from Focus Groups Report 3 – Rocky Mountain West** (Lynn Halverson & Edward Holt), 1997

The National Council on Competition and the Electric Industry **Information Consumers Want in Electricity Choice: Summary of Focus Group Research** (Edward Holt), January 1998

The Regulatory Assistance Project **Consumer Choice Making It Work for All Customers**, 1997

Discusses the prerequisites for choice, why customer choice is desirable, which customers should have choice first and how can policy makers insure small customers have choice – reasonable access fees, minimum certification requirements, access to customers versus protection of privacy, sharing of non-choosers and encourage aggregation. Argues real-time meters should not be a condition of choice. Customer protection issues identified are consumer education, disclosure of key information, standard offer and protection for customers.

**The Regulatory Assistance Project Information Disclosure for Effective Customer Choice,**

Explores ways for regulators to require that consumers be provided with important price, risk and environmental information with a focus on environmental information – why standardised information, price risk and environmental characteristics essential information, what would an environmental disclosure look like, when and how often will environmental disclosure occur, verification of disclosures.

**The Regulatory Assistance Project Least-Cost Paths to Reliability: Ten Questions for Policy Makers**

The importance of revealing the cost of reliability and putting accurate prices in front of consumers. Ten questions that each utility should be asked: How much do the proposed reliability improvements cost? Do wholesale prices reflect the high cost of energy during peak hours in a tight capacity market? How many customers see real-time prices? Do you have peak purchase rates for customer-generated power? How extensively have interruptible rates been marketed? How many customers have interruptible rates available, and how much are they effectively paid for interruptions? Have load-shedding cooperatives been organised? Does your spot market include a bidding system for demand-side reductions? What are you doing to facilitate a competitive wholesale market and remove barriers to competitive wholesale suppliers? Have you identified and aggressively implemented energy efficiency programs to mitigate peak load demand? Do you have a system in place to request (and pay for) voluntary curtailments?

**The Trade and Industry Select Committee (House of Commons) Energy Regulation First Report, 18 March 1997**

**The Trade and Industry Select Committee (House of Commons) Liberalisation of the Electricity Market, Second Report, 20 March 1997**

**The Trade and Industry Select Committee (House of Commons) Government Observations on the Second Report from the Trade and Industry Committee (Session 1996-97) on Liberalisation of the Electricity Market, Second Special Report, 30 July 1997**

**The Trade and Industry Select Committee (House of Commons) Government Observations on the First Report from the Trade and Industry Committee (Session 1996-97) on Energy Regulation, Third Special Report, 7 November 1997**

**The Trade and Industry Select Committee (House of Commons) Progress in the Liberalisation of the Gas Market, Second Report, 21 January 1998**

**The Trade and Industry Select Committee (House of Commons) Energy Policy, Fifth Report, 9 June 1998**

**The Trade and Industry Select Committee (House of Commons) Government Observations on the Second Report from the Trade and Industry Committee (Session 1997-98) on Progress in the Liberalisation of the Gas Market, Sixth Special Report, 9 June 1998**

**The Trade and Industry Select Committee (House of Commons) Developments in the Liberalisation of the Domestic Electricity Market, Tenth Report, 29 July 1998**

**Utah Division of Public Utilities Aggregation, Power marketers and the Obligation to Serve and Connect Comments Submitted to the Electrical Deregulation And Customer Choice Legislative Task Force, 14 August 1997**

Argues that the participation of independent aggregators and power marketers could increase competition but some concerns of their participation and behavior have arisen in other jurisdictions e.g. independent suppliers selling power at less than cost to establish market share, some independent suppliers have failed to deliver and some utilities may have power marketing affiliates.

**Utah Division of Public Utilities Competition and Market Power Comments Submitted to the Electrical Deregulation and Customer Choice Legislative Task Force, 22 July 1997**

A definition and analysis of competition and market power including the benefits of competition and market power problems – perfect competition and workable competition. Argues that the potential for market power abuse is real and that until competition in the generation of electricity proves to be both effective and sustainable, then, the benefits of competition will be imaginary.

**Utah State Legislature Report of The Electrical Deregulation and Customer Choice Task Force, 18 November 1998**

Report of a study of the possibility of restructuring Utah's electric industry. Over a two-year period the task force met over 20 times. The task force examines many issues that it considered critical to implementing a restructuring plan – aggregation, consumer issues, electric power marketers, environmental issues, market power, municipalities, rural electric co-operatives, taxation implications and transition costs

**Utah State Legislature Minutes of Electrical Deregulation and Customer Choice Task Force, Thursday, 20 August 1998**

Includes standard offer, obligation to serve and connect, dispute resolution, consumer education, universal service, safety and reliability, aggregation and regulation of electric and service providers.

**Utah State Legislature Minutes of Electrical Deregulation and Customer Choice Task Force, Thursday, 16 July 1998**

Includes State Government aggregation, Utah's coal industry, State and local taxation, country tax base, municipalities in general and municipal power providers.

**Utility Consumers Action Network Before the Public Utilities Commission of the State of California Rulemaking on the Commission's Own Motion to Solicit Comments and Proposals on Distributed Generation and Competition in OIR 98-12-015 Reply Comments of Utility Consumers Action Network (UCAN) on the Order Instituting Rulemaking.**

Supports distributed generation options as important for small consumers and argues that distribution companies should be prohibited from installing distributed generation on the customer side of the meter.

**Utility Consumer Action Network (UCAN) Comments on Staff Report on the CPUC's Consumer Protection Role (sic) and responsibilities, 12 October 1998**

A criticism of the proposed consumer protection role and responsibilities of the California Public Utilities Commission that argues for a rethink of consumer protection as facilitating the needs of consumers and ensuring consumers participate.

What is clear from this preceding listing of references is that CLCV & CFA (Australia) have not undertaken an extensive literature search – despite the availability of relevant references on consumer protection and participation. Why these references have been ignored defies logic because of their detailing of relevant policies, practices and experiences.

### **Conclusion**

The CLCV & CFA (Australia) was meant to address the challenge of how to facilitate the entry of small consumers into the electricity market, identify barriers to their participation and how to capture benefits for small consumers by removing or minimising these barriers.

The potential benefits for small consumers will not be automatic and confronting the issue requires an acceptance of the realities of the emerging electricity, and energy, market – recognising that new conditions, structures and relationships require new consumer protection policies and approaches.

Fundamental to this new protectionism is an understanding that consumers are best able to protect their own interests – instead of being protected by others. Indeed, the CLCV & CFA (Australia) study is an example of how “others” are not protecting the interests of consumers. The study has handicapped the consumer protection and participation debate in the electricity industry. Instead of establishing building blocks for the debate, it is itself a source of debate about its conceptual, structural and information adequacy.

In the new privatised and contestable market individual small consumers can protect their interests by aggregating numbers and volume through co-operatives. This link between consumer protection and co-operation is well understood in the USA. It is clearly not understood or accepted by CLCV & CFA (Australia). Why it is neither understood and accepted is a matter for speculation but is probably based on the CLCV & CFA (Australia) opposition to contestability for small consumers.

An equally fundamental new consumer protection reality is to support consumers in competing in the electricity, energy, market – not to protect consumers from competing in the market but to facilitate their participation in the market by

addressing the structural and systemic threats to this participation. Fundamental to this participation is affordability and reliability – protecting small consumers from price spikes and from being exposed to passed-on costs.

The CLCV & CFA (Australia) study was meant to examine the types and causes of customer risk and protection issues that are likely to arise in full retail competition, particularly for small customers. Only some of these issues have been addressed. It was also meant to examine effective approaches to addressing these potential customer problems in a contestable electricity retail market, for example:

- The role of marketing and information disclosure obligations for retailers;
- Appropriate contractual arrangements for small retail customers;
- Strategies for informing domestic customers of retail choice.
- The need for and nature of minimum retail service standards for small customers and the manner in which they can be maintained; and
- The requirements for ensuring the effective and efficient transfer of small customers between retailers.

It is, of course, not possible to significantly examine effective approaches if the identification and analysis of consumer protection and participation issues is itself ineffective. There are selective proposals for addressing some of these consumer protection issues that are raised but no evidence of a thorough examination of approaches and an examination of their effectiveness and a discussion of the options with recommendations.